What is economic sociology? How has it been conceptualised by classical thinkers?

Intro

Economic sociology, in the broad sense, can be conceived as a bridge between sociology and economics. It is a branch of sociology that **describes, interprets and analyses the relationships of interdependence between economy and society**. Alberto Martinelli in *The conception and Definition of economic sociology* aims to contextualise the emergence of economic sociology as an autonomous field of study through a critical review of social science classics- Marx, Weber, Durkheim, Schumpeter and Polanyi.

Body

Sec1

Martinelli commences with a discussion on *the double differentiation of modernity wherein the* advent of market industrial capitalism, bourgeois revolution and representative democracy *brought about* growing differentiation of economic structures from other social structures(historical change) leading to the development of a culturally separated field of social sciences and a systematic and scientific (positivist) study of society (changes in conceptualisation in knowledge systems).

He also touches upon the creative simplification of classical political economy through Adam Smith's postulate of the ***homo economicus*** **(rational economic man) wherein the latter** assumed individuals to act rationally, pursue self-interest, maximize profit, and create market equilibrium. Martinelli here however argues that even though creative simplification aids in model building for scientific analysis, it is a reductionist endeavour, neglecting other aspects of society.

Sec2

Martinelli then delves into the various ways to conceive the scope and object of economic sociology in its relation with economics and sociology. A first way is **focusing on questions neglected by classical political economists such as conflict, social order and of other forms of action** other than rational utilitarianism- as seen in the works of scholars like Marx, Weber, Pareto, Schumpeter and Polanyi. Martinelli argues that explaining human behaviour should take into account human actions and social institutions relevant to economic behaviour, thus complementing economic theories to non-economic ones. A second way is conceiving economic sociology **in terms of a different method and theoretical apparatus.** Economic sociology transforms postulates and theses of economic theory into RESEARCH QUESTIONS, with definitions being issue- specific and contextualised within the research question.

Sec3

The author then invokes Marx as a forerunner of economic sociology. Marx developed an alternative paradigm to classical political economy. His theory of change through revolutionary praxis, rooted in dialectical materialism, views society as dynamic, shaped by **contradictions between structure (economy) and superstructure**. He saw capitalism as

inherently unstable due to class conflict, the exploitation of labor, and the breakdown of production-consumption ties, leading to overproduction and eventual collapse. His analysis broadened political economy, emphasizing the double significance of human labour as a good and as a source of economic value- labour theory of value. However, capitalist societies evolved more complexly than he predicted. Despite critiques, Marx identified capitalism's key contradictions, reintegrated the economy into the social system, developed an alternative to classical economics, and laid the foundation for class-based sociology.

Sec4

Economic sociology formally emerged as an autonomous field in the late 19th century. Jevons first used the term, but Weber and Durkheim gave it meaning within sociology. It developed in the German cultural milieu through Weber, Sombart, Simmel, and Schumpeter, Methodenstreit debate of **Menger's marginalist school over Schmoller's economic historical school.** The neoclassical marginalist perspective resolved the question of value by linking it to market prices through supply and demand and the rational allocation of scarce resources, emphasising utility maximization and the principle of rationality. Economic activity is studied separately from institutions, focusing on marginal utility, costs, benefits, and competitive market pricing with atomized actors. **Economic sociology** on the other hand examines production, distribution, and consumption through both utilitarian and social actions using historical, inductive methods.

Marshall combined labour theory of value of classical political economy and marginalist theory, bringing microeconomics to the forefront of economics. Hirschmann and Granovetter critiqued the theory for assuming a market in perfect competition and for being ipo-socialised respectively.

Sec 5

Weber defined economic sociology **as the analysis of the relations of interdependence between economic and socio-cultural phenomena**, focusing on economically relevant and economically conditioned phenomena. His methodology included the formulation of ideal-typical generalisations. Holding that economic sociology is in constant dialogue with economic history**,** most importantly the link between religious ethics, economic mentality and economic action – central to understanding rationalism and capitalism.

The direct correlation between economy and society is highlighted in his essay T**he Protestant Ethic and the Spirit of Capitalism** wherein Weber links economy and society through the spirit of capitalism, shaped by Calvinist and Puritan asceticism. Predestination fostered rational economic action (means-end analysis), with material success seen as a sign of grace. Rationalism also emerged from experimental science, rational law, and government administration.The aim was to analyse the contents of religion that can either favour or obstruct the rational conduct of life that is typical to capitalism. The sociology of religion extends the Protestant ethic, linking religion and economy, where work honors God, but wealth must not be enjoyed. Indirect link between economy and society in associations and communities.

Martinelli compares Marx and Weber, noting both historicized capitalism and saw social systems as contingent and conflictual. Marx proposed a general theory, viewing the

economy as society's anatomy, while Weber analyzed Western rationalism. Marx foresaw capitalism's downfall via revolution, whereas Weber separated value and factual judgments.

Sec6

Durkheim's attitude towards economic sociology takes the character of a critique of utilitarianism. Utilitarianism sees society as individual-based, whereas it develops historically. The state's role is underestimated. Pure self-interest risks social disintegration, challenging the rational economic man assumption.Durkheim emphasises on the importance of collective sentiments for integration and solidarity. He finds the explanation of the social division of labour by the growth of material and moral density. This solidarity based on interdependence, derived from an enhanced division of labour is called organic and is typical of modern societies, in contrast to mechanical solidarity in primitive societies.

Sec 7

Economic cyclicity and social crisis of capitalism

Schumpeter formulated the most synthetic clear-cut distinction between the object of economics and sociology yet at the same time integrated them. Martinelli elaborates on three themes that illustrate how economic sociology complements economics.

1. Firstly, **sociological insights are employed to make economic analyses more realistic,** as in the case of **entrepreneurship**. Entrepreneurship is defined in functional terms as a creative act initiating innovation, distinct from the rational economic man. It drives capitalist dynamism, blending rational planning with emotional aspirations like legacy-building.
2. Schumpeter in his theory of social classes applies sociological analysis to economic theory, linking social mobility to historical needs and leadership. He examines the German aristocracy's rise and fall through patrimonialism, where fulfilling key functions led to the bourgeoisie's emergence and decline because of the absence of e action. (different from Marx, theory of elites and classical functionalist theorists).
3. Search for non economic, predominantly sociological variables. He pays great attention to economic failures such as the great depression and indirect impact in the crisis of monopoly capitalism.Late capitalism tends to generate a SOCIAL crisis- decline of the bourgeois family, destruction of intermediate strata. While capitalism succeeds economically, its very success erodes protective social structures, ultimately threatening its own survival.

Schumpeter's predicted collapse of capitalism has not occurred, as various forms have evolved. The erosion of protective social strata may not always harm capitalism (Moore Jr.), and intellectuals' role in discrediting bourgeois values warrants scrutiny. Schumpeter parallels Marx on capitalist breakdown but emphasizes creative destruction over economic revolution. Solution- Weber's "iron cage" contrasts with Schumpeter's vision of capitalism's decline leading to socialism.

The embeddedness of the economy in society

Karl Polanyi developed one of the most radical critiques of political economy and identified two distinct features of economic life- the **substantive aspect** defined as the institutionalised relations between humans and their social and natural environments and aims at satisfying human needs and the **formal aspect** which is at the level of ideas- means end analysis. He denounced the “economistic fallacy” which is mistaking the to be for the whole of economic life and the formal market society as universal. Economic sociology focuses on the substantive aspect.

Polanyi’s thesis argues that the economy is embedded in society, with economic agents prioritizing social status over material gain. Market industrial capitalism was an exception. *The Great Transformation* examines the 19th-century collapse, the self-regulating market crisis, the gold standard, and shifts in democratic governance and global power balance.

Polanyi’s central thesis sees the self-regulating market as a utopia, transforming land and labor into fictitious commodities and constraining society. His *double movement* critiques the conflict between economic liberalism and social protection.He contributed to economic sociology by examining institutional regulation and defining three integration principles: reciprocity, redistribution, and exchange. Critics however find his framework simplistic, overlooking economic dynamics and political mobilization.

Contemporary developments of economic sociology

1920s-30s

1970s- globalisation

]The evolution of economic sociology is linked to changes in sociology, economics, and societal context. Post-WWII growth, influenced by Keynesian economics, reduced space for economic sociology, but globalization and digitalization revived interest. Zelizer identifies three approaches: extending economic models, analyzing social contexts of economic action, and offering alternative sociological explanations. Recent scholars like Granovetter, Fligstein, and Bourdieu emphasize networks, institutions, and social meaning in economic life.